

4 January 1961

MEMORANDUM: Cambodia

1. Prince Sihanouk brought home from his tour of bloc countries, which ended on 23 December, extensive commitments for economic aid and psychological impressions which Cambodian officials fear have swung him sharply toward the bloc in his international outlook. He was tremendously impressed with the red carpet treatment accorded him, which was in marked contrast to the informal and off-hand receptions he met in the West.

2. Peiping granted Cambodia new economic assistance totalling about \$40,000,000 to be added to the \$28,000,000 already committed. Of these funds \$11,400,000 is to be used for the completion and expansion of four factories (cement, textile, plywood, and paper) the Chinese already have under construction and \$25,700,000 for several new factories including a small steel mill and a machine tool plant, and the remainder to provide technical assistance for Cambodia's producer cooperatives, to improve agricultural methods and introduce new crops, and to assist with the Phnom Penh-Sihanoukville railway. In addition, Communist China and Cambodia are planning to establish a joint shipping line.

3. The Soviet Union, which had previously provided grants totalling \$6,000,000 offered to build a technological institute in Cambodia, and to provide credits for the construction of two hydroelectric projects and for a survey of Cambodia's mineral resources. These offers have been accepted in principle, but formal contracts have not been drawn and the value of the commitments is not yet fixed.

4. Czechoslovakia agreed to provide long-term credits, repayable in Cambodian products, for the construction of a sugar refinery, a tire factory, and a tractor assembly plant. The Czechs also agreed to establish a joint Cambodian-Czech shipping line which, in cooperation with the Sino-Czech line, will provide training facilities for the Cambodian merchant marine.

5. It appears that Sihanouk's tour was a considerable success for the bloc. However, Sihanouk does not appear to have lost his perspective yet. Nor does he appear to be contemplating any significant change in Cambodia's neutral foreign policy. Although he signed a treaty of friendship and non-aggression with Communist China and obtained assurances from Chou En-lai and Mao Tse-tung of Chinese support in case of foreign aggression, Sihanouk is reported not to have entered into a military alliance with any bloc country nor

to have accepted bloc arms for Cambodia. He appears satisfied with his military aid arrangements with the West.

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7. Sihanouk probably still prefers aid from the West to that from the bloc. He is, however, impatient with time-consuming negotiations, and wherever he sees advantages to Cambodia from the Communist bloc he will accept bloc aid.

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